



Louisiana Housing Finance Agency

The following resolution was offered by Commissioner J. Mark Madderra and seconded by Commissioner Elsenia Young:

RESOLUTION

A resolution approving staff's recommended strategies for (i) awarding the balance of tax credit assistance funds ("TCAP Funds") granted to the Louisiana Housing Finance Agency (the "Agency") and (ii) permitting taxpayers to return pre-2009 credit allocations inefficiently syndicated in exchange for a sub grant of funds ("1602 Funds") made available by the United States Treasury Department to the Agency in lieu of low-income housing credits under the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"); and providing for other matters in connection therewith.

WHEREAS, the Agency has been ordered and directed to act as the housing credit agency under Section 42 of the Internal Revenue Code of 1986, as amended (the "**Code**") on behalf of the State of Louisiana (the "**State**") in allocating and administering low-income housing credits (**Tax Credits**) made available pursuant to the Section 42 of the Code (the "**LIHTC Program**"); and

WHEREAS, Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (the Recovery Act) appropriated Thirty-Nine Million Dollars (\$39,000,000) of TCAP Funds to the Agency to facilitate the development of qualified low-income housing projects ("**LIHTC Projects**") that will be completed by February 16, 2012 in accordance with HUD Notice CPD-09-03 – REV issued May 4, 2009 but revised July 27, 2009 (the "**HUD TCAP Notice**"); and

WHEREAS, Agency has awarded approximately Twenty-Five Million Dollars (\$25,000,000) of such TCAP Funds to LIHTC Projects and has approximately Fourteen Million Dollars (\$14,000,000) of TCAP Funds remaining and not awarded; and

WHEREAS, the provisions of Section 1602 of Subtitle C of Title I of Division B of the Recovery Act also authorizes the United States Department of Treasury (the "**U.S. Treasury**") to issue grants to State housing credit agencies such as the Agency in lieu of Tax Credits; and

WHEREAS, the HUD TCAP Notice requires the Agency to distribute TCAP Funds competitively under the Recovery Act and pursuant to the existing Qualified Allocation Plans ("**QAP**"), including a written description of all selection criteria and any weightings assigned to competitively award its TCAP Funds and how the Agency will redistribute TCAP Funds to more

competitively award its TCAP Funds and how the Agency will redistribute TCAP Funds to more deserving Projects from projects which are not in compliance with deadlines established in the written agreement between the Agency and project owners; and

WHEREAS, staff convened a meeting on September 23, 2009 at the offices of the Agency to discuss with the development community issues related to projects with Tax Credits, particularly Tax Credits constituting part of the increased state housing credit ceiling ("**GO Zone Credits**") attributable to the provisions of Section 1400N(c) of the Code; and

WHEREAS, the development community identified the continuing turmoil in the credit markets as the primary cause of LIHTC Projects not closing, particularly in the case of LIHTC Projects awarded Tax Credits in the Lightning Round; and

WHEREAS, staff has reported that all projects requesting TCAP Funds in the reprocessing of projects with efficient tax credit syndications (i.e., tax credit pricing of \$0.80 or higher per dollar of low-income housing credit) under the 2007/08 QAP received TCAP Funds and that another competitive funding round to award TCAP Funds to projects with inefficient tax credit syndications (i.e., tax credit pricing less than \$0.80 per dollar of low-income housing credit) is now necessary and appropriate; and

WHEREAS, staff has determined that the following strategy should be pursued by the Agency in an attempt to move more LIHTC Projects to closing and completion:

First, offer all developers with LIHTC Projects in the pipeline that have inefficient syndications of Tax Credits additional financing;

Second, require all developers with LIHTC Projects that have not achieved both a real estate and financial closing an opportunity to be reprocessed with an assumption of a credit pricing at not more than eighty cents (\$0.80) per dollar of Tax Credit allocated to their projects (assuming federal legislation will permit monetization of Go Zone Credits) and to permit developers simultaneously to adjust their project schedules in the reprocessing application); and

WHEREAS, the Board of Commissioners of the Louisiana Housing Finance Agency now desires to authorize and approve the foregoing strategy recommended by staff;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency (the "Board"), acting as the governing authority of said Agency that:

SECTION 1. Supplemental Reprocessing of LIHTC Projects with Inefficient Tax Credit

Syndications: Staff is hereby authorized and directed to offer the remaining TCAP Funds to LIHTC Projects with inefficient syndications of Tax Credits awarded in federal fiscal years 2007, 2008 or 2009 in another competitive funding round in which priority will be given to LIHTC Projects that are ready to proceed in a manner consistent with the HUD TCAP Notice that (a) have inefficient syndications of Tax Credits defined as a pricing of Tax Credits allocated to such LIHTC Projects at less than eighty cents (\$0.80) per dollar of Tax Credit and (b) have firm commitments from other funding sources to proceed to closing assuming a TCAP Funds award not in excess of one million dollars (\$1,000,000) with a scoring in such supplemental reprocessing round based upon the criteria submitted to HUD and posted to its website. Bond financed LIHTC Projects will be eligible in the supplemental funding round if such bond financed LIHTC Projects have received an allocation of private activity volume cap and are scheduled to close by not later than December 31, 2009.

SECTION 2. Supplemental Reprocessing of LIHTC Projects with Awards of Tax Credits from pre-2009 Credit Ceilings and 1602 Exchange Option: Any LIHTC Project with a pre-2009 allocation of Tax Credits will be allowed to voluntarily return all or a portion of the Tax Credits allocated to the LIHTC Project in exchange for a sub award of 1602 Funds from the U.S. Treasury if the project remains feasible and viable with a credit pricing equivalent of not more than eighty cents (\$0.80) per returned Tax Credit as evidenced in a reprocessing application that results in the LIHTC Project remaining feasible and viable. The 1602 Exchange Option in the reprocessing round requires a reprocessing application be received by not later than October 30, 2009. LIHTC Projects with GO Zone Credits may be reprocessed but are only authorized to participate in the 1602 Exchange Option

if federal law is interpreted by the Secretary of the U.S. Treasury or is amended to permit GO Zone Credits to qualify for the 1602 Exchange Option.

SECTION 3. Project Schedule Extensions: All LIHTC Projects requiring an extension of their Project Schedules must submit an updated reprocessing Tax Credit Application by not later than October 30, 2009 to be eligible to receive an extension of their Project Schedules. All real estate and financial closings must take place by not later than December 30, 2009 unless the Board of the Agency provides an across-the-board extension beyond that date for all LIHTC Projects. Tax Credits allocated to any Per Capita LIHTC Project that is unable to close by December 30, 2009 will be subject to automatic return.

SECTION 4. Staff and Legal Counsel Authorized and Directed to Implement Strategy: The Agency staff and legal counsel are authorized and directed to prepare the forms of such notices, documents and/or agreements as may be necessary to implement the strategies described in this resolution.

SECTION 5. The Chairman, Vice Chairman, President, Vice President and/or Secretary of the Agency be and they are hereby authorized, empowered and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Agency, the terms of which are to be consistent with the provisions of this resolution as approved by the Agency's General Counsel and Tax Credit Counsel, Foley & Judell, L.L.P.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Alice Washington obo John Kennedy, J. Mark Madderra, Guy T. Williams, Mayson H. Foster, Michael L. Airhart, Walter O. Guillory, Joseph M. Scontrino, III, Katie Anderson, Jerome Boykin, Sr., Elsenia Young, Neal Miller

ABSTAIN:

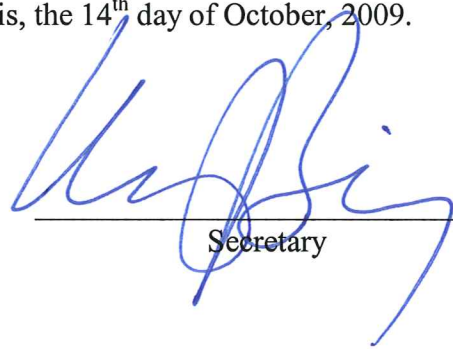
NAYS:

ABSENT: Wayne E. Woods, Allison A. Jones, Tyrone A. Wilson, Susan W. Sonnier

And the resolution was declared adopted on this, the 14th day of October, 2009.



Chairman



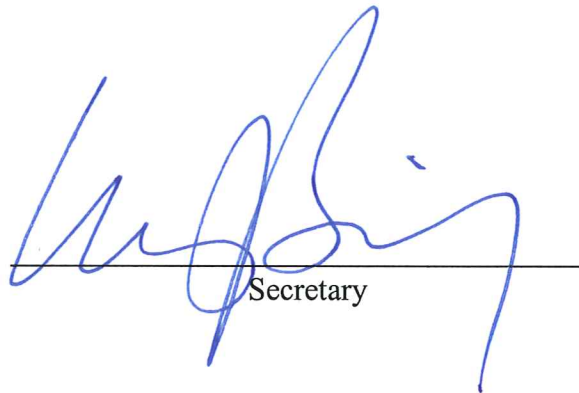
Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing five (5) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on October 14, 2009, approving staff's recommended strategies for (i) awarding the balance of tax credit assistance funds ("**TCAP Funds**") granted to the Louisiana Housing Finance Agency (the "**Agency**") and (ii) permitting taxpayers to return pre-2009 credit allocations inefficiently syndicated in exchange for a sub grant of funds ("**1602 Funds**") made available by the United States Treasury Department to the Agency in lieu of low-income housing credits under the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"); and providing for other matters in connection therewith..

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 14th day of October 2009.



Secretary

(SEAL)